

W A S H I N G T O N  
**H I G H E R**  
**EDUCATION**  
C O O R D I N A T I N G   B O A R D

**July 2006**

## **Executive Session**

### **Off-Campus Property Acquisition**

#### ***University of Washington – Seattle Safeco Properties***

The board is asked to convene in executive session to consider a proposed University of Washington acquisition. The board will reconvene in regular session to take action on the proposal.

### **Introduction**

Under existing statute (RCW 28B.76.230), the Higher Education Coordinating Board (HECB) must approve off-campus property acquisitions. The board's policy for reviewing and considering such proposals include the following criteria:

- The acquisition is consistent with the institution's role and mission.
- The activity to be housed/located does not unnecessarily duplicate services provided by other public, private, or non-profit organizations.
- The activity and/or its intended benefits cannot be accommodated or accomplished within the current campus boundaries.
- The nature of the facility being acquired is commensurate with the activity to be supported.
- The funding source to be used is appropriate for the intended use of the facility.
- There is demonstrated need and demand for any new or expanded programs to be housed in the facility.
- The acquisition is consistent with the institution's plan of development and service delivery.

When considering real estate transactions, public entities must temper the desire for open and transparent government with the possibility that public discussion could inadvertently affect the negotiated sales price. Accordingly, state law (RCW 42.30.110) allows boards and commissions to go into executive session when considering real estate transactions:

*...To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price;...*

## **Purchase of Safeco Properties**

The University of Washington (UW) recently advised the HECB that the Safeco properties near the UW campus are being sold, and that the university will be negotiating with Safeco to acquire the properties. These properties consist of the 22-story Safeco Tower and three adjacent four-story buildings, providing a total of 510,546 square feet of office space; two enclosed parking garages; two surface parking lots; a retail building; the Collegiana apartments; and an adjacent land site.

The owners of the Safeco properties have specified a closure date on the sale of the properties which is prior to the upcoming legislative session. Consequently, the university is advancing a financing plan that, for purposes of acquisition, will utilize institutional debt (bonds) to raise the necessary capital for the purchase.

The university will seek future legislative appropriations to fund ongoing property maintenance and operations costs, as well as a one-time state contribution toward the purchase cost. The university is prepared to cover these costs in the event state support is not provided.

A summary of the university's proposal and plan is attached.

## **Staff Analysis**

### **Is the proposed acquisition consistent with the role and mission of the institution?**

Yes. The properties will house functions related to instruction and instructional support.

### **Will the proposed acquisition benefit state higher education interests, as well as the strategic plan of the institution?**

Yes. The acquisition of the subject properties can be viewed as one step in expanding the contribution of the UW in realizing additional degree-award goals and contributing to state economic competitiveness. The acquisition enables 300,000 square feet of leased space to be consolidated into state-owned space, avoiding future escalating lease costs and potentially achieving savings on operating costs. Relocation of 110,000 square feet from the Seattle campus to the acquisition space makes room for the new Department of Global Health and academic support functions.

## **Staff Recommendation**

HECB staff recommends that the Higher Education Coordinating Board approve the proposed acquisition.

**RESOLUTION NO. 06-23**

WHEREAS, The Higher Education Coordinating Board is responsible, pursuant to RCW 28B.76.230, for approving the acquisition of off-campus property and facilities for the state's public universities and colleges; and,

WHEREAS, The Higher Education Coordinating Board has adopted policies and procedures (Resolution 05-15, *Program and Facility Approval Policies and Procedure*) for the review and evaluation of such proposed acquisitions; and,

WHEREAS, The University of Washington has, in accordance with the aforementioned state statute and Higher Education Coordinating Board policy, advised of its intent to enter into negotiations to purchase certain properties currently owned by Safeco, Inc., located in Seattle, Washington, adjacent to the campus of the university. The Safeco facilities consist of the 22-story Safeco Tower and three adjacent four-story buildings, providing a total of 510,546 square feet of office space; two enclosed parking garages; two surface parking lots; a retail building; the Collegiana apartments; and an adjacent unimproved parcel; and,

WHEREAS, The Higher Education Coordinating Board has reviewed the University of Washington's proposal to acquire the subject properties and finds that the acquisition would be supportive of the role and mission of the university and of long-term benefit to higher education in the State of Washington;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board hereby authorizes the University of Washington to acquire, subject to the financing plan submitted by the university, the aforementioned Safeco Inc. properties.

Adopted:

July 27, 2006

Attest:

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Gene J. Colin, Chair

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Bill Grinstein, Vice Chair